

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
)
Auction of Licenses in the 747-762 and)
777-792 MHz Bands Scheduled for)
September 6, 2000)

DA 00-1075

To: Chief, Wireless Telecommunications Bureau

REPLY COMMENTS OF VOICESTREAM WIRELESS CORPORATION

VoiceStream Wireless Corporation ("VoiceStream"), by its attorneys, hereby submits its reply in the above-captioned proceeding.¹ The comments submitted by potential auction participants and experts clearly demonstrate that the 700 MHz auction is an inappropriate forum for testing the combinatorial bidding system proposed by the Wireless Telecommunications Bureau ("Bureau"). In support hereof, it is respectfully shown as follows:

A. The Rules are too Complex and Will Cause Confusion

VoiceStream agrees with Verizon Wireless ("Verizon") that the FCC should not implement a complex combinatorial bidding system for Auction No. 31. As Verizon asserts, "the complexity of the process, and the minimal time bidders would have to evaluate whatever new scheme is adopted in deciding whether and how to participate in the 700 MHz band auction, make it inadvisable for the Commission to implement

¹ See Public Notice, Auction of Licenses in the 747-762 and 777-792 MHz Bands Scheduled for September 2, 2000 -- Comments Sought on Modifying the Simultaneous Multiple Round Auction Design to Allow Combinatorial (Package) Bidding, DA 00-1075, Report No. AUC-00-31-G (rel. May 18, 2000).

combinatorial bidding” for this auction.² Verizon, like VoiceStream, points out that nothing has changed since the Commission initially decided that “this complex and untested auction design” was inappropriate for Auction No. 31.³ SBC Wireless, Inc. (“SBC”) and BellSouth Corp. (“BellSouth”) also note that combinatorial bidding introduces the possibility of complex rules and confusion.⁴ The Commission should not inject unnecessary confusion into Auction No. 31. The licenses at issue will help speed the delivery of advanced and Third Generation (“3G”) services to the public and are, therefore, extremely valuable. Accordingly, they should not be the subject of an auction experiment.

B. Further Study and Testing are Required Before Combinatorial Bidding is Adopted

Apart from the complexity and novelty that militate against implementing the proposed combinatorial bidding system for Auction No. 31, the comments submitted by experts demonstrate that the Bureau does not yet have an adequate understanding of the system it seeks to employ. SBC and BellSouth “strongly” advocate that the Bureau adopt the proposals set forth in the lengthy addendum to their comments by Professor Ronald M. Harstad.⁵ Prof. Harstad criticizes the Bureau’s proposal as “seriously flawed” because it fails to take account of the fact that the “key issues of activity credit, bid retention, stopping rules and minimum bids are far more interrelated when package bids

² Comments of Verizon Wireless at 1.

³ See id. at 3-4 (citing Service Rules for the 746-764 and 776-794 MHz Bands, and Revisions to Part 27 of the Commission’s Rules, 15 FCC Rcd 476, 526-27 (2000)).

⁴ See Joint Comments of SBC Wireless, Inc. and BellSouth Cellular Corp. at 6.

⁵ See id.

are allowed.”⁶ He, therefore, offers a number of interrelated changes to the proposed rules -- noting, moreover, that if the FCC were to pick and choose among the necessary changes, “It would have to be expertly judicious...to ensure against potential disaster.”⁷ He further asserts that the global package requires special reconsideration, noting that the Bureau has never “put big bidders in this position before, particularly under tight time constraints.”⁸

Comments by Dr. David J. Salant and Professors Aleksandar Pekec and Michael H. Rothkopf likewise indicate that the Bureau does not have a sufficient grasp of the interrelationship and potential overall impact of its various proposals. Dr. Salant criticizes the Bureau’s public notice announcing the proposed changes as “not adequate” for the evaluation of such significant changes.⁹ He notes that the proposed rules cannot be analyzed appropriately until the Bureau eliminates the contingent proposals and reduces its proposal to a coherent bidding plan.¹⁰ Similarly, Professors Pekec and Rothkopf note that the “detailed rules are interrelated and cannot be considered independently” as the Bureau’s notice would suggest.¹¹

In its comments supporting the Bureau’s proposals, Nextel Communications, Inc. asserts, “As this is the first use of combinatorial bidding, the Commission’s first priority

⁶ Id. attach. at 3.

⁷ Id.

⁸ Id. attach. at 4.

⁹ See Comments of Dr. David J. Salant at 2.

¹⁰ See id.

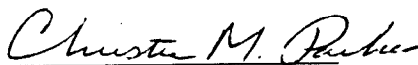
¹¹ Comments of Aleksandar Pekec and Michael H. Rothkopf at 1.

should be to ensure that combinatorial bidding works.”¹² In fact, the Commission’s first priority should be to ensure that the 700 MHz band is licensed in a fair and expeditious manner -- that this spectrum, essential to speeding 3G and advanced wireless service to the public, does not become embroiled in litigation over auction techniques. The Commission should know that combinatorial bidding works before using it to auction licenses as important as those at issue in Auction 31.

3. Conclusion

For the foregoing reasons and the reasons set forth in VoiceStream’s Comments, the Bureau’s combinatorial bidding proposals should not be adopted.

Respectfully submitted,

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June 16, 2000

¹² Comments of Nextel Communications, Inc. at 3.

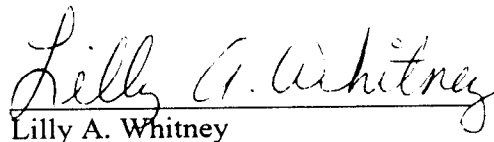
CERTIFICATE OF SERVICE

I, Lilly A. Whitney, a secretary in the law offices of Morrison & Foerster L.L.P., do hereby certify that I have on this 16th day of June, 2000, had copies of the foregoing "REPLY COMMENTS OF VOICESTREAM WIRELESS CORPORATION" sent via hand delivery, to the following:

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